

[DISCUSSION DRAFT]

SEPTEMBER 19, 2001

107TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. FRANK introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to increase the highest rate of income tax imposed on individual taxpayers to 39.6 percent, and to deposit the amounts received as a result of such increase into the social security trust funds.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. INCREASE IN HIGHEST INDIVIDUAL INCOME**
2 **TAX RATE; TRANSFERS OF INCREASED REV-**
3 **ENUE TO SOCIAL SECURITY TRUST FUNDS.**

4 (a) INCREASE IN RATE.—The table contained in
5 paragraph (2) of section 1(i) of the Internal Revenue Code
6 of 1986 is amended in the column under the 39.6
7 percentage—

8 (1) by striking “38.6%” and inserting
9 “39.6%”,

10 (2) by striking “37.6%” and inserting
11 “39.6%”, and

12 (3) by striking “35.0%” and inserting
13 “39.6%”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) shall apply to taxable years beginning after
16 December 31, 2001.

17 (c) SECTION 15 NOT TO APPLY.—The amendment
18 made by subsection (a) shall not be treated as a change
19 in the rate of a tax imposed by chapter 1 of the Internal
20 Revenue Code of 1986 for purposes of section 15 of such
21 Code.

22 (d) TRANSFERS TO SOCIAL SECURITY TRUST
23 FUNDS.—

24 (1) IN GENERAL.—There are hereby appro-
25 priated to the social security trust funds amounts
26 equivalent to the aggregate increase in revenues re-

1 sulting from the amendment made by subsection (a).
2 Such amounts shall be allocated among such trust
3 funds in the same proportion as the taxes imposed
4 by chapters 2 and 21 of the Internal Revenue Code
5 of 1986 are allocated.

6 (2) TRANSFERS.—The amounts appropriated
7 by paragraph (1) shall be transferred from time to
8 time (but not less frequently than quarterly) from
9 the general fund of the Treasury on the basis of es-
10 timates made by the Secretary of the Treasury of
11 the amounts referred to in such paragraph. Proper
12 adjustments shall be made in the amounts subse-
13 quently transferred to the extent prior estimates
14 were in excess of or less than the amounts required
15 to be transferred.

16 (3) SOCIAL SECURITY TRUST FUNDS.—For pur-
17 poses of this subsection, the term “social security
18 trust funds” means—

19 (A) the Federal Old-Age and Survivors In-
20 surance Trust Fund,

21 (B) the Federal Disability Insurance Trust
22 Fund, and

23 (C) the Federal Hospital Insurance Trust
24 Fund.